

STATE OF RHODE ISLAND  
DEPARTMENT OF ADMINISTRATION

**OFFICE OF ACCOUNTS AND CONTROL**

---

|  |                                       |                                |
|--|---------------------------------------|--------------------------------|
| <b>SECTION</b><br>Accounting   | <b>POLICY/PROCEDURE NO.</b> /<br>A-55 | <b>FORMERLY</b><br>/           |
| <b>SUBSECTION</b><br><b>PAGE NUMBER</b>                              | <b>EFFECTIVE DATE</b><br>3/1/04       | <b>/</b><br>/ 1 of 6           |
| <b>POLICY/PROCEDURE</b><br><br>ACCEPTANCE OF CREDIT CARD<br>PAYMENTS | <b>AMENDMENT</b>                      | <b>/ REVISION</b><br>/ 3/25/05 |

---

**I BACKGROUND AND PURPOSE:**

Section 35-21-1 of the General Laws allows state departments and agencies to accept payment of state taxes and fees via credit card. According to statute, the Director of Administration shall establish procedures, in consultation with the state controller and general treasurer,

- (1) As to which department/agency may be approved to accept credit card payments;
- (2) As to which taxes and fees may be approved for payments by credit card; and
- (3) As to the manner of credit card acceptance.

The purpose of these policies and procedures is to establish guiding principles to insure that acceptance of credit card payments by state departments/agencies is consistent with the state's strategic business goals and objectives.

**II POLICIES AND PROCEDURES:**

1. Strategic Business Goals and Objectives:

The state seeks to accomplish the following business objectives in accepting credit cards:

- ♦ improve incoming cash flow
- ♦ reduce overhead costs
- ♦ improve security over revenue collections

STATE OF RHODE ISLAND  
DEPARTMENT OF ADMINISTRATION

**OFFICE OF ACCOUNTS AND CONTROL**

---

|  |                                     |               |                            |
|--|-------------------------------------|---------------|----------------------------|
| <b>SECTION</b><br>Accounting   | <b>POLICY/PROCEDURE NO.</b><br>A-55 | <b>/</b><br>/ | <b>FORMERLY</b>            |
| <b>SUBSECTION</b><br><b>PAGE NUMBER</b>                              | <b>EFFECTIVE DATE</b><br>3/1/04     | <b>/</b><br>/ | <b>2 of 6</b>              |
| <b>POLICY/PROCEDURE</b><br><br>ACCEPTANCE OF CREDIT CARD<br>PAYMENTS | <b>AMENDMENT</b>                    | <b>/</b><br>/ | <b>REVISION</b><br>3/25/05 |

---

- ♦ increase public convenience
- 2. Statewide Credit Card Processor Contract

The state will incur certain costs and fees upon accepting credit card payments: merchant discount fees, credit card transactions fees, credit card processing fees, point of sale hardware costs and computer software costs.

In order to achieve economies of scale in minimizing these costs, the state will solicit, negotiate, and execute one statewide contract for credit card processing services. State agencies will be expected to use the processor selected under this statewide contract.

3. Approval To Accept Credit Cards

Each state agency may accept payment of taxes and or fees they collect via credit card if by doing so it accomplishes one or more of the above objectives.

The chief financial officer of the state agency that seeks to collect taxes/fees via credit card shall submit a request to do so to the State Budget Office. The request to accept revenue via credit card shall address the following items:

- ♦ which taxes or fees to be accepted by credit card,
- ♦ manner of credit card acceptance ( over-the-counter, internet or interactive voice response),
- ♦ An estimate of credit card transaction fees and the amount of funds in the operating budget available to pay credit card transaction and processing fees (or reduction in costs that can be used to pay these fees), and
- ♦ achievement of which business objective(s).

STATE OF RHODE ISLAND  
DEPARTMENT OF ADMINISTRATION

**OFFICE OF ACCOUNTS AND CONTROL**

---

|                |                               |                 |
|----------------|-------------------------------|-----------------|
| <b>SECTION</b> | <b>POLICY/PROCEDURE NO. /</b> | <b>FORMERLY</b> |
| Accounting     | A-55 /                        |                 |

|                    |                       |          |
|--------------------|-----------------------|----------|
| <b>SUBSECTION</b>  | <b>EFFECTIVE DATE</b> | <b>/</b> |
| <b>PAGE NUMBER</b> | 3/1/04                | / 3 of 6 |

|                                       |                  |          |                 |
|---------------------------------------|------------------|----------|-----------------|
| <b>POLICY/PROCEDURE</b>               | <b>AMENDMENT</b> | <b>/</b> | <b>REVISION</b> |
| ACCEPTANCE OF CREDIT CARD<br>PAYMENTS |                  | /        | 3/25/05         |

---

STATE OF RHODE ISLAND  
DEPARTMENT OF ADMINISTRATION

**OFFICE OF ACCOUNTS AND CONTROL**

---

|  |                                     |               |                            |
|--|-------------------------------------|---------------|----------------------------|
| <b>SECTION</b><br>Accounting   | <b>POLICY/PROCEDURE NO.</b><br>A-55 | <b>/</b><br>/ | <b>FORMERLY</b>            |
| <b>SUBSECTION</b><br><b>PAGE NUMBER</b>                              | <b>EFFECTIVE DATE</b><br>3/1/04     | <b>/</b><br>/ | <b>4 of 6</b>              |
| <b>POLICY/PROCEDURE</b><br><br>ACCEPTANCE OF CREDIT CARD<br>PAYMENTS | <b>AMENDMENT</b>                    | <b>/</b><br>/ | <b>REVISION</b><br>3/25/05 |

---

Upon approval of a request, the State Budget Office shall advise the requesting agency, the State Controller, and the General Treasurer. The agency shall then implement a program to accept approved taxes/fees via credit card in conjunction with the General Treasurer, the State Controller, and the Chief Information Officer.

4. Accounting Procedures

- a. Each business day the credit card processor will transfer to the state's bank account revenue for authorized credit card transactions.
- b. The agency shall reconcile the total amount deposited into the state's bank account for their revenue with corresponding reports from the credit card processor each business day.
- c. The agency shall create and post a RISAIL Journal Entry document to the state accounting system by receipt account for the total amount of their revenue deposited into the state's bank account each business day. The following document numbering convention is to be used by each agency when creating and posting RI SAIL Journal Entries for taxes/fees collected by credit cards: R5XX**CCRD**XXXX:
  - "R" indicates a revenue transaction
  - "5" identifies the fiscal year to which the revenue transaction is to be posted
  - "XX" is the two-digit RI SAIL agency identifier code
  - "CCRD" identifies the type of revenue transaction as a credit card revenue collection
  - "XXXX" the last four characters are to indicate the month and day of the

STATE OF RHODE ISLAND  
DEPARTMENT OF ADMINISTRATION

**OFFICE OF ACCOUNTS AND CONTROL**

---

|  |                                     |               |                            |
|--|-------------------------------------|---------------|----------------------------|
| <b>SECTION</b><br>Accounting   | <b>POLICY/PROCEDURE NO.</b><br>A-55 | <b>/</b><br>/ | <b>FORMERLY</b>            |
| <b>SUBSECTION</b><br><b>PAGE NUMBER</b>                              | <b>EFFECTIVE DATE</b><br>3/1/04     | <b>/</b><br>/ | <b>5 of 6</b>              |
| <b>POLICY/PROCEDURE</b><br><br>ACCEPTANCE OF CREDIT CARD<br>PAYMENTS | <b>AMENDMENT</b>                    | <b>/</b><br>/ | <b>REVISION</b><br>3/25/05 |

---

- effective date of the deposit of state taxes/fees collected by credit cards.
- d. The credit card processor will invoice the Office of Accounts and Control for ALL processing fees of all agencies once per month. The Office of Accounts and Control will pay the invoice and charge each agency for their proportionate share of the credit card processing fees.

**III POLICY FOR THE REFUND/RETURN OF STATE TAXES AND FEES PAID BY CREDIT CARD**

1. Background

The state collects various taxes and fees via credit card and/or debit card. A "customer" would be entitled to a refund in the following instances; they decide to rescind or cancel the original charge transaction (after authorization and payment by issuer); they overpay the state tax or fee; or the state rejects their application for the purchase of state products or services.

2. Policy

It shall be the policy of the state to issue refunds to "customers" by posting a credit amount to the "customer's" credit card or debit card, unless the "customer" requests the refund be paid via check. This policy is being established on the basis of "customer" convenience.

It shall also be the policy of the state to issue refunds to "customers" for the full amount of the state tax or fee paid by credit card. No transaction fees or costs associated with acceptance of the original payment via credit card or with the issuing of a refund via credit card will be offset against any amount to be

STATE OF RHODE ISLAND  
DEPARTMENT OF ADMINISTRATION

**OFFICE OF ACCOUNTS AND CONTROL**

---

|  |                                     |               |                            |
|--|-------------------------------------|---------------|----------------------------|
| <b>SECTION</b><br>Accounting   | <b>POLICY/PROCEDURE NO.</b><br>A-55 | <b>/</b><br>/ | <b>FORMERLY</b>            |
| <b>SUBSECTION</b><br><b>PAGE NUMBER</b>                              | <b>EFFECTIVE DATE</b><br>3/1/04     | <b>/</b><br>/ | <b>6 of 6</b>              |
| <b>POLICY/PROCEDURE</b><br><br>ACCEPTANCE OF CREDIT CARD<br>PAYMENTS | <b>AMENDMENT</b>                    | <b>/</b><br>/ | <b>REVISION</b><br>3/25/05 |

---

refunded via a credit/debit card.

3. Refund Procedures

The following are the minimum procedures to be followed by each state agency when issuing refunds via a credit posting to the “customer’s” credit/debit card.

- a. For all credit card refund transactions, the agency shall establish and maintain documentation to authorize the refund and create an audit trail back to the original payment transaction.
- b. For completed transactions involving the purchase of a tangible item, i.e., for transactions where payment has been received by the state and the state has provided the requested item (license, certificate or product), the agency shall require return of the item before a refund is issued.
- c. For completed transactions involving services, i.e., payment has been received by the state and the state has provided the requested service, no refund shall issued.

4. Accounting Procedures

- a. The agency shall create and post a RI SAIL Journal Entry (JE) document to the state accounting system for the total amount of their revenue deposited into the state’s bank account each business day. No separate accounting entry will be required for these refunds. (Most times credit card refunds will be offset against credit card charges each day by the processor.)

STATE OF RHODE ISLAND  
DEPARTMENT OF ADMINISTRATION

**OFFICE OF ACCOUNTS AND CONTROL**

---

|                |                               |                 |
|----------------|-------------------------------|-----------------|
| <b>SECTION</b> | <b>POLICY/PROCEDURE NO. /</b> | <b>FORMERLY</b> |
| Accounting     | A-55                          | /               |

|                    |                       |          |
|--------------------|-----------------------|----------|
| <b>SUBSECTION</b>  | <b>EFFECTIVE DATE</b> | <b>/</b> |
| <b>PAGE NUMBER</b> | 3/1/04                | / 7 of 6 |

|                         |                  |          |                 |
|-------------------------|------------------|----------|-----------------|
| <b>POLICY/PROCEDURE</b> | <b>AMENDMENT</b> | <b>/</b> | <b>REVISION</b> |
|                         |                  | /        | 3/25/05         |

ACCEPTANCE OF CREDIT CARD  
PAYMENTS

---

b. The agency shall create and post a RISAIL Journal Entry document to the state accounting system for the sum total of credit/debit card refunds issued and processed by the credit card processor each business day for any and all refunds not offset against credit/debit card charge amounts. The following document numbering convention is to be used by each agency when creating and posting RI SAIL Journal Entries for credit card refunds: R5XX**CCRT**XXXX:

- "R" indicates a revenue transaction
- "5" identifies the fiscal year to which the revenue transaction is to be posted
- "XX" is the two-digit RI SAIL agency identifier code
- "CCRT" identifies the type of revenue transaction as a credit card refund
- "XXXX" the last four characters are to indicate the month and day of the effective date of the refund of state taxes/fees via credit cards.

c. The agency shall create and post a RI-SAIL Direct Pay document to the state accounting system or each refund to be issued via check. The RI-SAIL contra-revenue natural account shall be charged for the amount refunded.